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IN THE

Supreme Court of the United States

No. 75-1269

October Term, 1975

ANTHONY J. CALI,

Petitioner,

v.

JAPAN AIRLINES CO., LTD., SCANDINAVIAN AIRLINES SYSTEMS, SCANDINAVIAN AIRLINES SYSTEM, INC. and KLM ROYAL DUTCH AIRLINES,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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Petitioner, Anthony J. Cali (Cali) respectfully prays that a Writ of Certiorari be granted to review the Judgment of the United States Court of Appeals for the Second Circuit entered in this cause on December 8, 1975 (24a).

OPINIONS BELOW

The Order of the United States District Court for the Eastern District of New York (22a, 23a) entered February 5, 1975 dismissing the complaint was based upon an opinion reported at 380 F.Supp. 1120, and printed herein at 1a.

This opinion upheld the constitutionality of Article 27 of the Chicago Convention which granted immunity to foreign airlines from patent infringement in the United States, as well as construing 35 U.S.C. 272 and Article 5ter of the Paris Convention in a way to constitutionally sustain the immunity of foreign airlines. The Court of Appeals of the Second Circuit affirmed, per curiam, in an unreported order on December 8, 1975 (24a).

JURISDICTION

The Court's jurisdiction is invoked under §1254 of Title 28 of the United States Code. This petition is filed within 90 days of the Judgment of the Court of Appeals.

QUESTIONS PRESENTED

1. Does the Patent Clause, Article I, Sec. 8, cl 8, which requires the securing to the inventor of the exclusive Right to his invention, make "exclusivity" a Constitutional standard of grant, except where just compensation is provided?

> "The Congress shall have Power . . . To promote The Progress of Science and Useful Arts by *securing* for limited times to Authors and Inventors the *exclusive right* to their respective Writings and Discoveries."

2. Does Congress have the constitutional power under the Patent Clause to grant, by treaty or statute, to foreign air carriers who have substantial permanent domestic presence, a royalty free license for "large" domestic uses of a patented invention, without violating the constitutional standard of grant?

THE TREATIES AND STATUTES INVOLVED

Article 27 of the Chicago Convention

> (a) While engaged in international air navigation, any authorized entry of aircraft of a contracting State into the territory of another contracting State or authorized transit across the territory of such State with or without landings shall not entail any seizure or detention of the aircraft or any claim against the owner or operator thereof or any other interference therewith by or on

behalf of such State or any person therein, on the ground that the construction, mechanism, parts, accessories or operation of the aircraft is an infringement of any patent, design, or model duly granted or registered in the State whose territory is entered by the aircraft, it being agreed that no deposit of security in connection with the foregoing exemption from seizure or detention of the aircraft shall in any case be required in the State entered by such aircraft.

(b) The provisions of paragraph (a) of this Article shall also be applicable to the storage of spare parts and spare equipment for the aircraft and the right to use and install the same in the repair of an aircraft of a contracting State in the territory of any other contracting State, provided that any patented part or equipment so stored shall not be sold or distributed internally in or exported commercially from the contracting State entered by the aircraft.

(c) The benefits of this Article shall apply only to such States, parties to this Convention, as either (1) are parties to the International Convention for the Protection of Industrial Property and to any amendments thereof; or (2) have enacted patent laws which recognize and give adequate protection to interventions made by the nationals of the other States parties to this Convention.

Article 5 *ter*

In each of the contracting countries the following shall not be considered as infringements of the rights of a patentee:

1. the use on board vessels of other countries of the Union of devices forming the subject of his patent in the body of the vessel, in the machinery, tackle, gear and other accessories, which such vessels temporarily or accidentally enter the waters of a country, provided that such devices are used there exclusively for the needs of the vessel;

2. the use of devices forming the subject of the patent in the construction or operation of aircraft or land vehicles of other countries of the Union, or of accessories to such aircraft or land vehicles, when those aircraft or land vehicles temporarily or accidentally enter the country.

35 U.S.C. §272

§272. Temporary presence in the United States

The use of any invention in any vessel, aircraft or vehicle of any country which affords similar privileges to vessels, aircraft or vehicles of the United States, entering the United States temporarily or accidentally, shall not constitute infringement of any patent, if the invention is used exclusively for the needs of the vessel, aircraft or vehicle and is not sold in or used for the manufacture of anything to be sold in or exported from the United States.

THE NATURE OF THE CASE

This action was brought by Cali, an individual inventor, against three major foreign airlines, Japan Airlines Co., Ltd. (JAL), KLM Royal Dutch Airlines (KLM), Scandinavian Airlines System (SAS) and Scandinavian Airlines System, Inc. There is no dispute that the subject matter of the patent, although made outside of the United States, was used on engines of these airlines in regularly scheduled flights to and from the United States. The usual issues of validity and infringement were not before the lower courts.

A threshold issue relating to the constitutionality of the immunity defense based upon treaty and statute was resolved without trial by pretrial motions to dismiss. The immunity was based on Article 27 of the Chicago Convention in 1945, a broad treaty which extinguished

claims of infringement against aircraft of a foreign state and 35 U.S.C. §272; and, the similarly worded Paris Convention, Article 5ter par. 2, which declared that the temporary presence of aircraft of a foreign country was not an infringing use.

Judge Dooling's opinion (1a) went to the merits of the defense. He upheld the validity and constitutionality of the treaties and statute and gave a broad scope to these defenses. The threshold issue was decided against Cali and became dispositive of the case and judgment was entered dismissing the complaint (22a, 23a). The Court of Appeals affirmed.

REASONS FOR GRANTING THE WRIT

The lower court decisions are inconsistent with prior decisions of this Court which grant to the inventor who obtains a patent the exclusive right of his invention unless there is just compensation when a compulsory license is required. Here, a royalty free license has been legislated and decreed as an exemption.

The scope of exemption from acts of patent infringement accorded to international carriers has been the subject of one prior case of this Court, *Brown v. Duchesne*, 60 U.S. (19 How) 183 (1957). The holding of *Brown v. Duchesne* was codified in 35 U.S.C. 272. While *Brown v. Duchesne* and the statute 35 U.S.C. 272 reflect the limitations imposed by the United States Constitution, Article 1, Sec. 8, cl 8 in granting patent immunity, such concern is completely absent in the Chicago Convention which extinguishes any possible right to a claim of patent infringement by a United States national with respect to international airlines.

If the breadth of Article 27 of the Chicago convention is

constitutionally valid, it bars Cali's claim against defendant foreign airlines. The lower court found as a fact that the uses of defendants were "large" and a "very great subtraction" (17a) and were not insubstantial as was the case in *Brown v. Duchesne.*

We submit this Petition should be granted because the United States Constitution, Article I, Sec. 8, Cl 8, requires Congress to secure exclusive rights to inventors. Royalty free licenses may not be reserved, even for the United States government.

The lower court recognized that this Court in *Brown,* differentiated between a profitable use of a patent by making and selling as opposed to "the trifling use of the gaff improvement" and he recognized that the Supreme Court "saw no real damage sustained by the plaintiff."

The "trifling" damage aspect, we submit, was a prerequisite of the *Brown* ra[illegible]ale, which distinguishes it from the "great subtraction" of the patentee's rights which is presented here. Congress does not have the authority to divest a large part of the inventor's rights to the exclusive use of his invention, which we contend derives from a Constitutional standard.

We submit that there is a Constitutional standard of exclusivity as to the scope of a patent grant, as well as a Constitutional standard as to the prerequisite of a grant.

In *Graham v. John Deere Co.*, 383 U.S. 1 (1966), the Court noted that the standard of validity requires references to a "standard written into the Constitution", citing *A&P Tea Co. v. Supermarket Corp.*, 340 U.S. 147, 154 (1950). See also, *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57, 61 (1969), where this Court said that the "patent standard is basically constitutional" and which also summarizes the settled

limitation on Congressional power. This is based on Article I, Sec. 8, Cl 8, which clause is "both a grant of power and a limitation" *Graham, supra,* 383 U.S. at 5. Congress must meet a Constitutional standard of invention because the Constitution requires that "Progress" and only "Inventors" may be given the "exclusive Rights". Congress must give weight to these words. Congress does not have complete free rein, although it may set out the conditions and tests for patentability which comport with "Constitutional strictures", *Graham, supra,* 383 U.S. at 17.

The standard of grant is even more clearly spelled out by the word "exclusive". Congress, we submit, lacks the power to grant a non-exclusive exception to the United States government, a foreign government, or the foreign airlines. The patent statute is derived from a standard: "it may not be ignored." *Graham, supra,* 383 U.S. at 6.

An even-handed application of the Constitution requires a reference to a Constitutional standard both as to the inventor's contribution (in meeting the high standard of patentability) and as to his reward (the "exclusive Right"). The standard of reward must be interpreted in the light of a Constitutionally mandated exclusive right. As stated in *A&P, supra,* at 340 U.S. at 154:

> "The purpose is 'To Promote the Progress of Science and useful Arts.' The means for achievement of the end is the grant for a legitimate time to inventors of the exclusive right to their invention."

The Constitution states that Congress has the power of "securing" to "Inventors" the "exclusive Right". And, if the inventor meets the conditions of patentability, the Constitution intends and expressly states that exclusive rights should be secured.

Therefore, we submit that a Constitutional standard of grant exists which applied to a standard of patentability, applies as well as a standard of grant.

A further reason for granting this petition is because the Courts below failed to give proper weight to prior decisions of this Court which have held that Congress cannot grant less than exclusive rights and reserve to the U.S. or others non-exclusive rights based on the patent power or any other power.

Under the Patent Clause, therefore, Congress cannot grant any royalty free license to the United States government. In *Cammeyer v. Newton*, 94 U.S. 226, 234 (1876), this Court said:

> "Conclusive support to that porposition is found in a recent decision of this court, in which it is held that the government cannot, after the patent is issued, make use of the improvement any more than a private individual, without license of the inventor or making compensation."

These rights are guaranteed by the Patent clause of the Constitution. *Cramp & Sons v. Curtis Turbine Co.*, 246 U.S. 28, 40 (1918); *Hollister v. Benedict Manufacturing Co.*, 113 U.S. 59, 67 (1884).*

If the Patent clause requires the securing of exclusive rights as a Constitutional standard, the question may then be asked whether any other Constitutional power justifies a

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*The issue should be determined by the power of Congress based upon the Patent Clause. As was said in *Brown* (60 U.S. at 194):

> "The question depends on the construction of the patent laws."

The patent right which is to be accorded by the Constitution, cannot be limited by treaty.

As said in *Brown* (60 U.S. at 197):

> "And it will be remembered that the demand, if well founded in the patent laws could not be controlled or put aside by treaty."

royalty free license to a private party.

This is the first case in which any Court has granted, by decree, a royalty free license as being within the Constitution, apart from violations of the antitrust laws, where the use is not minimal and the patentee's property was diminished in value. Congress is, thus, given the authority to grant what amounts to royalty free licenses for large or even great uses; that is, large in the sense of a large subtraction of a patentee's right.

The Court below gave a pre-eminent position to the power of Congress to conduct foreign trade by treaty. However, Congressional sources of power deal with other national priorities which are even more important than foreign trade. In such cases, the right to decree royalty free licenses to the United States government has been denied.

We contend that what Congress could not grant to the United States government (in terms of royalty free licenses), it could not grant to a private party. That is, if Congress could not confer a royalty free license to the United States government (either for the purpose of conducting national defense or international trade), it could not confer to JAL, KLM, or SAS, for that matter, Pan Am or TWA.

In *Belknap v. Schild*, 161 U.S. 10, 15 (1895), this Court said:

> "In England, the grant of a patent for an invention is considered as simply an exercise of the royal prerogative, and not to be construed as precluding the Crown from using the invention as its pleasure; and therefore a petition of right cannot be maintained against the Crown for using a patented invention, although a private person or corporation, that has contracted to supply the government with articles embodying the invention, may be sued for infringement of the patent. (Citations omitted.)

"But, in this country, letters patent for inventions are not granted *in the exercise of perogative, or as a matter of favor*, but under Art. 1, Sec. 8, of the Constitution of the United States, which gives Congress power 'to promote the progress of science and useful arts, by securing for limited terms to authors and inventors the exclusive right to their respective writings and discoveries. Rev. Stat. §4884. *And this Court has repeatedly and uniformly declared that the United States have no more right than any private* person to use a patented invention without license of the patentee or *making compensation to him.*" (Emphasis ours.)

See also *U.S. v. Palmer*, 128 U.S. 262, 270-271 (1898) and *Hollister v. Benedict Manufacturing Co.*, 113 U.S. 67 (1888).

In national defense cases, where a similar issue arose before, this Court has held that a patentee's rights is exclusive and that Congress does not have the power or the right to give a royalty free license. Congress does not act like the English crown. See *James v. Campbell*, 104 U.S. 356, 358 (1881).

This Court has recognized the Constitutional character of a patentee's involving the public and national need to obtain military equipment even during war. We submit this was of equal or of greater importance than the public interest in promoting international air navigation. In *Cramp & Sons v. Curtis Turbine Co.*, 246 U.S. 28 (1918), this Court held that private contractors producing equipment for wartime purposes (two torpedo boat destroyers in the middle of World War) were not in any way immune from suit.

This decision did not produce national chaos. The matter was simply solved by a Congressional amendment which essentially extended the right of eminent domain to

private contractors performing work for the government and provided for just compensation to the patentee. See *Richmond Screw Anchor Co. v. U.S.*, 275 U.S. 331, 342-3 (1928), where the Supreme Court referred to testimony by the Acting Secretary of the Navy that *Cramp* case restricted "vital activities" of the Navy and posed "severe consequences" and promised "serious disadvantages of the public interest".

It is thus clear that the patentee's right of property is sufficiently strong, and giving due regard to Congressional military powers with respect to the declaration of war, appropriation of funds for war, and the President's power to conduct warfare as Commander-In-Chief, to be fully recognized by this Court during wartime. This Court has never accepted an argument of immunity for a claim of patent infringement, even on the part of the United States government or for the purpose of national defense in circumstances of war.

Defendants have relied on *Radio Position Finding Corporation v. Bendix*, 205 F.Supp. 850 (D. Md. 1962), aff'd. 371 U.S. 577 (1963). However, this case is addressed to the determination of the scope of rights granted to an extension patent monopoly under a private law, after the original patent expires and *where just compensation by royalty is provided. Radio Position* leaves the issue presented here open.

They further rely on a recent decision, *Twentieth Century Music Corporation v. George Aiken*, —— U.S. ——, 45 L.Ed.2d 84, 186 U.S.P.Q. 65 (1975); wherein this Court held that the use of a broadcast in an entertainment and business establishment was not an infringement since it was not a performance. Copyright cases involve a performer and a viewer. A viewer is a passive beneficiary.

The copyright owner receives his tribute from the performer. Having licensed and received revenue, the copyright owner cannot complain about lack of exclusivity or lack of just compensation. No royalty free license was there legislated, as is the case here. The copyright owner thus receives a "fair return" or just compensation as a royalty based on the original performance.

CONCLUSION

We submit that this Petition should be granted to resolve the underlying question as to whether the patent clause of the Constitution precludes Congress from legislating royalty free patent licenses.

Respectfully submitted,

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